

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <b>Centerville Township</b>	County <b>Leelanau</b>
Audit Date <b>3/31/04</b>	Opinion Date <b>7/22/04</b>	Date Accountant Report Submitted to State: <b>9/30/04</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

**We have enclosed the following:**

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) <b>Wilson Ward CPA Firm</b>			
Street Address <b>PO Box 205</b>	City <b>Interlochen</b>	State <b>MI</b>	ZIP <b>49643</b>
Accountant Signature <i>Wilson Ward CPA Firm</i>		Date <i>9/30/04</i>	

**WILSON, WARD CPA FIRM**

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June 22, 2004

Mr. Leonard Kelenski  
Supervisor  
Centerville Township  
Cedar, Mi

The primary purpose of this letter is to prepare, for management, information which delineates those items encountered during the course of the audit which were either not related to the financial, internal control and compliance reports or were not material enough to comment on relative to them. However, these items might be significant when viewed from a management perspective or in the longer term. This letter is intended only for the use of management and any other parties not informed of these matters might misconstrue their meanings.

Our Responsibility under Generally Accepted Auditing Standards

Our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with general accepted accounting principles. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, irregularities, or illegal acts, including fraud and defalcations, may exist and not be detected by us.

As part of our audit, we considered the internal control structure of the Centerville Township. Management has the responsibility for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for safeguarding assets and for maintaining the structure of the internal control system to help assure the proper recording of transactions. Our consideration of the system of internal control was solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control structure.

Significant Accounting Policies

Management has the responsibility for selection of appropriate accounting policies. In accordance with the terms of our engagement, we will advise management of the appropriateness of the accounting policies and their application. The significant accounting policies used by the Centerville Township are listed in Note 1. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year. We noted no transactions entered into the Centerville Township during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, of transactions for which there is a lack of authoritative guidance or consensus.

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### Management Judgements and Accounting Estimates

Some accounting estimates are utilized in financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. Our conclusions regarding the reasonableness of the estimates are based on reviewing and testing the historical data provided by management and using this data to compute the liability.

### Significant Audit Adjustments

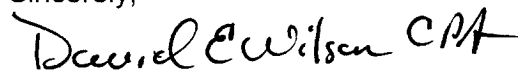
For purposes of this letter, professional standards define a significant audit adjustment as a proposed correction of the general purpose financial statements that, in our judgment, may not have been detected except through our auditing procedures. These adjustments may include those proposed by us but not recorded by the Centerville Township that could potentially cause future financial statements to be materially misstated, even though we have concluded such adjustments are not material to the current financial statements. Our audit adjustments, individually and in the aggregate, have a significant effect on the financial reporting process.

#### Comments and recommendations:

The records of both the Clerk and the Treasurer are neat and well maintained.

Again, it is important to remember that this report is for information only and provided to management with the sole intent that it can be evaluated with the potential to improve management practices within the township. Thank you for the opportunity to perform your audit and continue the fine relationship.

Sincerely,

A handwritten signature in black ink that reads "David E. Wilson CPA". The signature is written in a cursive, flowing style.

David E Wilson, CPA

# CENTERVILLE TOWNSHIP

## CEDAR , MICHIGAN

Audit Report

For Year Ended  
March 31, 2004

Wilson, Ward CPA Firm  
PO Box 205  
Interlochen, MI 49643  
(231) 276-7668

CENTERVILLE TOWNSHIP  
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## CENTERVILLE TOWNSHIP

### Management's Discussion and Analysis

#### Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements.

#### The Township as a Whole

The Township's combined net assets increased 8% from a year ago - increasing from \$262,854 to \$284,747.

This year was the first year for the implementation of GASB 34 with the resulting changes in the financial position as reflected on the Governmental Funds Balance Sheet, Statement of Net Assets.

#### The Township's Funds

Our analysis of the Township's major funds begins on page 9, following the entity wide financial statements. The fund financial statements provide detail information about the most significant funds, not the Township as a whole. The Township Board creates funds to help manage money for specific purposes as well as to show accountability for certain activities such as special property tax millages.

The General Fund pays for most of the Township's governmental services. The amount transferred to the General Fund is supported by a detailed calculation of the current year costs of the specific capital outlay approved by the Township Board.

#### General Fund Budgetary Highlights:

Over the course of the year the Township Board was able to maintain the township departments within their prescribed budgets.

#### Capital Asset and Debt Administration:

As of March 31, 2004, the Township had \$91,932 invested in a broad range of capital assets, including land, buildings and equipment. In addition, the Township has invested significantly in major and local roads within the Township. These assets are not reported in the Township's financial statements because of Michigan law which makes these roads the property of the County Road Commission (along with the responsibility to maintain them).

#### Economic Factors and Next Year's Budgets and Rates:

Centerville Townships's 2004-2005 budget calls for only the allocated millage of 0.65930. Centerville Township has no voted millage. The state law mandated services and the services

of the Centerville Township Fire contract services are provided with no voted millage at this time. This can be accomplished by the growth in our tax base. Because of the impact of Proposal A, however, the Township needs to continue to watch its budget very closely. The state-wide tax reform act limits growth in taxable value by less than inflation, the mathematical result of this is that the total taxable value for the Township will grow less than by inflation, before considering new property additions.

#### General Overview of the Accomplishments of Centerville Township in the 2003-2004 Fiscal Year:

##### Reasons for revenues increasing:

1. Buildings and park grounds increased due to the fact that the bathhouses at the park were repaired and painted.
2. Windows and screens were all repaired at the Township Hall.
3. Township Hall rental rates were increased to also generate more revenues.

##### Expenses for Centerville Township:

1. Centerville Township is in joint ownership with Solon Township for the Solon/Centerville Fire Department at a 50/50 cost share basis.
2. Roads in the Township: Major rebuilding is taking place on 2 miles of French Road also known as County Road 645 by the County Road Commission at a cost of \$60,000 to the Township. This cost is being split up over a two year period with \$30,000 due each year.

##### Future projects the Centerville Township anticipates:

1. Centerville Township expects more road improvements in the Township due to wear and aging of the country roads.
2. The Township is also investigating installing a new aluminum dock at the Township Park to replace the wooden dock which would prolong the overall life of the dock.

##### Contacting the Township's Management:

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the clerk at (231) 228-5752.

# INTRODUCTORY SECTION



REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Township Board  
Centerville Township, Michigan

We have audited the statement of net assets, activities, each major fund, and the aggregate remaining fund information of the Centerville Township, Michigan as of and for the year ended March 31, 2004, and have issued our report thereon dated July 22, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### Compliance

As part of obtaining reasonable assurance about whether Centerville Township, Michigan's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Centerville Township, Michigan's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the Centerville Township, Michigan, in a separate letter dated July 22, 2004.

This report is intended solely for the information and use of the management, others within the organization, the Board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Wilson Ward CPA Firm*

Interlochen, MI  
July 22, 2004

## FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Township Board  
Centerville Township, Michigan

We have audited the accompanying statement of net assets, activities, each major fund, and the aggregate remaining fund information of Centerville Township, Michigan as of and for the year March 31, 2004, which collectively comprise Centerville Township, Michigan's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Centerville Township, Michigan's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective of the governmental activities, the business type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Centerville, Leelanau County, as of March 31, 2004, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for each major fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management discussion and analysis and required budgetary comparison information identified in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated July 22, 2004 on our consideration of Centerville Township, Michigan's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contract and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

*Wilson Ward CPA Firm*

Interlochen, MI  
July 22, 2004

**CENTERVILLE TOWNSHIP**  
Government Wide Statement of Net Assets  
As Of March 31, 2004

	Total
<u>Assets</u>	
Cash & Investments	\$257,815
Accounts Receivable	3,480
Accrued Interest Receivable	0
Due from Other Funds	0
Prepaid Insurance	0
Net Assets	<u>23,452</u>
Total Assets	<u><u>284,747</u></u>
<u>Liabilities and Fund Balance</u>	
Liabilities	
Accounts Payable	0
Retirement Payable	0
Deferred Taxes Receivable	0
Due to Other Funds/Agencies	0
Note Payable	<u>0</u>
Total Liabilities	0
Fund Equity	
Fund Balance - Unreserved	<u>284,747</u>
Total Fund Equity	<u><u>284,747</u></u>
Total Liabilities and Fund Balance	<u><u>\$284,747</u></u>

**CENTERVILLE TOWNSHIP**  
**GOVERNMENT WIDE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED MARCH 31, 2004**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Activities	Business-type Activities
Primary government						
Governmental activities:						
Legislative	\$12,463		\$0	\$0	(\$12,463)	(\$12,463)
General government	61,164	12,986			(48,178)	(48,178)
Public safety	39,522				(39,522)	(39,522)
Public works	746				(746)	(746)
Health and Welfare	0				0	0
Community and Economic Development	0				0	0
Recreation and Culture	1,554				(1,554)	(1,554)
Depreciation	475				(475)	(475)
Interest on Long Term Debt	0				0	0
Total Governmental Activities	115,924	12,986	0	0	(102,938)	0
Business Type Activities						
Enterprise Funds	0	0			0	0
Total Primary Government	\$115,924	\$12,986	\$0	\$0	(\$102,938)	\$0
Component Unit	0	0				0
N/A						

General revenues:

Taxes					
Property Taxes-general	\$42,593		\$0		\$42,593
Property Taxes-debt service	0				0
State-Shared Revenues	73,361				73,361
Unrestricted Investment Earnings	7,919		0		7,919
Franchise taxes	0				0
Contributions	0				0
Miscellaneous	958		0		958
Transfers	0		0		0
Total General Revenues-Special Items and Transfers	124,831		0		124,831
Changes in Net Assets	21,893		0		21,893
Net Assets - Beginning	262,854		0		262,854
Net Assets - Ending	\$284,747		\$0		\$284,747

Net Income Per Governmental Balance Sheet	\$22,368
Less Depreciation	475
Net Income Per Statement of Activities	\$21,893

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**CENTERVILLE TOWNSHIP**  
Governmental Funds Balance Sheet  
As Of March 31, 2004

	<u>Governmental Fund Types</u>		
	General	Non Major Funds	Total (Memo Only)
<u>Assets</u>			
Cash & Investments	\$257,815	0	\$257,815
Accounts Receivable	3,480	0	3,480
Accrued Interest Receivable	0	0	0
Due from Other Funds	0	0	0
Prepaid Insurance	0	0	0
Buildings & Improvements	0	0	0
Machinery & Equipment	0	0	0
Total Assets	<u>261,295</u>	<u>0</u>	<u>261,295</u>
<u>Liabilities and Fund Balance</u>			
Liabilities			
Accounts Payable	0	0	0
Retirement Payable	0	0	0
Deferred Taxes Receivable	0	0	0
Due to Other Funds/Agencies	0	0	0
Note Payable	0	0	0
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>
Fund Equity			
Fund Balance - Unreserved	261,295	0	261,295
Total Fund Equity	<u>261,295</u>	<u>0</u>	<u>261,295</u>
Total Liabilities and Fund Balance	<u>\$261,295</u>	<u>\$0</u>	<u>\$261,295</u>

Fund Balance Per All Government Funds	261,295
Add Net Assets	<u>23,452</u>
Fund Balance Per Balance Sheet	<u>284,747</u>

**CENTERVILLE TOWNSHIP**  
Combined Statement of Revenues, Expenditures and Changes in Fund Balance  
All Governmental Fund Types  
For the Year Ended March 31, 2004

	<u>Governmental Fund Types</u>		
	General Fund	Non Major Funds	Total (Memo Only)
<u>Revenues</u>			
Taxes	\$42,593	\$0	\$42,593
Admin Fees	8,858	0	8,858
Licenses	3,142	0	3,142
State Grants	73,361	0	73,361
Charges for Services	320	0	320
Interest & Rentals	8,584	0	8,584
Other Revenues	958	0	958
Total Revenues	137,817	0	137,817
<u>Expenditures</u>			
Current			
Legislative	12,463	0	12,463
General Government	61,164	0	61,164
Public Safety	39,522	0	39,522
Public Works	2,301	0	2,301
Other	0	0	0
Total Expenditures	115,449	0	115,449
Excess Revenue (Expenditures)	22,368	0	22,368
Fund Balance - Beginning of Year	238,927	0	238,927
Prior Period Adjustments	0	0	0
Fund Balance - End of Year	\$261,295	\$0	\$261,295

Centerville Township

Notes to Financial Statements  
March 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Centerville Township is a general law township located in Leelanau County. Population as of the 2000 census was 1097, and the current State equalized value and the taxable value is \$105,308,113 and \$61,679,004, respectively.

The Township's general purpose financial statements include the accounts of all Township operations. The criteria for including organizations within the Township's reporting entity, as set forth in GASB No. 14, "The Financial Reporting Entity" includes oversight responsibility, fiscal dependency and whether the financial statements would be misleading if data were not included.

Based on the above criteria, there are no other organizations included in these financial statements.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely, to a significant extent, on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Revenues and Expenses are recognized on the accrual basis using the economic resources measurement focus. Based on Governmental Accounting Standards Board (GASB) Statement No. 20 *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, as amended, the Township has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB), including those issued after November 30, 1989, that do not conflict with or contradict GASB pronouncements.



## Basis of Accounting

Basis of Accounting refers to how revenue and expenditures or expenses are recognized in the account and reported in the financial statements. The basis of accounting, as required under generally accepted accounting principles, varies for each fund.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

General, special revenue, debt service, capital projects and trust and agency funds should be accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenue is recognized in the accounting period in which it becomes available and measurable. Expenditures are recognized in the accounting period in which the related fund liability is incurred, if measurable.

### B. Basis of Presentation

The financial activities of the Township are recorded in separate self-balancing funds and account groups, categorized and described as follows:

#### Governmental Funds

General Fund - This fund is used to account for all financial transactions not accounted for in another fund, including the general operating expenditures of the Township. Revenues are derived primarily from property taxes, state distributions or grants, and other intergovernmental revenues.

Special Revenue Funds - These funds are used to account for specific governmental revenues (other than special assessments and major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.

Fiduciary Funds - These funds are used to account for assets held in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds.

General Fixed Assets - This account group presents the fixed assets of the Township utilized in its general operations (non-proprietary fixed assets).

### C. Measurement Focus

The accounting and reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets.

Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

D. Budgets

The General Fund and Special Revenue Fund are under formal budgetary control. Budgets shown in the financial statements for these funds were prepared on a basis not significantly different from the modified accrual basis used to reflect actual results and consist only of those amounts contained in the formal budget approved and amended by the Township.

In the body of the financial statements, the Township's actual and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets for these funds were adopted to the activity or cost center level.

E. Fixed Assets

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group. Public domain general fixed assets consisting of roads, bridges, curbs, gutters, streets, sidewalks, drainage systems and lighting systems are excluded from general fixed assets because such items are immovable and of value only to the Township. General fixed assets are not subject to annual depreciation expense.

Fixed assets are recorded at historical cost. Donated fixed assets are valued and recorded at the fair market value at date of receipt.

F. Property Tax Procedures and Collections

Properties are assessed as of December 31 and the related property taxes become a lien the following July 1 and/or December 1. Real property taxes are collected by the Township Treasurer through February 28 of each year. As of March 1, uncollected real property taxes are returned delinquent to, and collected by, the County Treasurer. Personal property taxes remain the responsibility of the Township Treasurer to collect.

During the collection period prior to March 1, the Township Treasurer makes distribution of the property tax collections to the various taxing units (County, School District, etc.) as required by statute.

For the fiscal year the Township levied property taxes as follows:

	SEV	Taxable Value	Millage
General Operating	\$105,308,113	\$61,679,004	.65930

G. Total Columns

The "total" columns on the combined financial statements are captioned "memo only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Inter-fund transactions have not been eliminated in the aggregation of this data.

## NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

- A. We noted no violations of legal provisions and/or contractual provisions of various agreements related to financial matters.
- B. All funds had positive fund balances at March 31, 2004.
- C. Public Act 621 of 1978, Section 18, provides that a local unit shall not incur expenditures in excess of the amount appropriated. For the year ended March 31, 2004, there were no material variances in department level cost centers.

## NOTE 3 - DEPOSITS WITH FINANCIAL INSTITUTIONS

### A. Legal provisions for Deposits and Investments

Act 20, Public Acts of 1943, as amended by Act 217, Public Acts of 1982, and Act 196, Public Acts of 1997, states that the Township, by resolution, may authorize the Treasurer to invest surplus funds as, follows:

- (1) In bonds and other direct obligations of the United States or an agency or instrumentality of the United States.
- (2) In certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation or a credit union which is insured by the National Credit Union Administration, but only if the bank, savings and loan association, or credit union complies with subsection (2).
- (3) In commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and which matures not more than 270 days after date of purchase.
- (4) Repurchase agreements consisting of instruments defined in (1) above.
- (5) In bankers' acceptances of United States Banks.
- (6) Obligations of the State of Michigan or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service.
- (7) In mutual funds registered under the investment company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by local units of government in Michigan.

### B. Types of Deposits and Investments

The Township had \$187,887 deposited with local financial institutions on March 31, 2004 with a carrying value of \$186,555. Interpreting the FDIC insurance coverage of \$100,000 of demand deposits and \$100,000 of time deposits per financial institution, the Township had no uninsured deposits at March 31, 2004.

In addition, the Township had \$96,900 invested in certificates of deposit at various institutions.

#### NOTE 4- STATEMENTS OF CHANGES IN GENERAL FIXED ASSETS

	Balance 3/31/03	Additions	Deletions	Balance 3/31/04
Land and Buildings	\$ 66,932	\$ -	\$ -	\$ 66,932
Machinery and Equipment	8,670	-	-	8,670
Office Furniture and Equipment	15,493	1,425	-	16,918
Total	\$ 91,095	1,425	-	\$ 92,520

#### NOTE 5- LONG-TERM DEBT

The Township had no long-term debt at March 31, 2004, and officials stated that no borrowing is anticipated in the near future.

#### NOTE 6- LOANS AND TRANSFERS BETWEEN FUNDS

During the year ended March 31, 2004 there were no loans or operating transfers between funds.

#### NOTE 7- INVENTORIES

Centerville Township does not maintain a substantial inventory of supplies or materials. Purchases are normally made as needed, and the items are recorded as expenses when purchased.

#### NOTE 8 - PENSION PLAN

The Township has a defined contribution pension plan for Michigan Township employees under contract with the Manufacturers Life Insurance Company. Listed below is a summary of the significant plan provisions adopted by Board Resolution:

##### A. Eligibility Requirements

1. Attained age of 18.
2. No minimum service requirement.
3. All elected officials and trustees.

##### B. Contributions

1. The lesser of 10% of annual compensation or \$500 funded entirely by the Township on an annual basis.
2. Compensation determined by the basic annual rate of compensation in effect at the beginning of the plan year.
3. Township pays 100% of required annual contribution.

##### C. Vesting

1. Contributions are vested to the employee immediately upon early retirement, termination of service, death, disability, or normal retirement at 100%.

##### D. Plan Administration

1. The plan is administered by the Township Clerk. During the year the total contribution was \$346. Covered payroll for the year was \$34,631 with total payroll for all employees of \$42,165. The plan was funded at the required contribution amount.

NOTE 9- ACCOUNTS/TAXES RECEIVABLE

Current deferred taxes receivable of \$3,480 reflect 2003 property taxes returned delinquent to the County Treasurer as of March 1, 2004. There were no uncollected personal property taxes as of March 31, 2004.

NOTE 10- CONTINGENT LIABILITIES

Township officials are not aware of any contingent liabilities on the part of the Township.

NOTE 11- RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the audit year the Township addressed these risks through the purchase of commercial insurance through Municipal Underwriters of Michigan. There was no significant reduction of insurance coverage from prior years nor have the amounts of any settlements exceeded insurance coverage in any of the past three fiscal years.

NOTE 12- COMPENSATED ABSENCES

The Township does not provide for payment to employees for sick leave, accumulated leave, etc.

NOTE 13- POST EMPLOYMENT BENEFITS

The Township has no provision for post employment benefits.

NOTE 14 - USE OF ESTIMATES

The process of preparing financial statement in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

## SUPPLEMENTAL DATA SECTION

**WILSON, WARD CPA FIRM**

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To the Centerville Township Board  
Centerville Township, MI

We have audited the combined financial statements of Centerville Township, Michigan for the year ended March 31, 2004. Our audits were made for the purpose of forming an opinion on the combined financial statements taken as a whole. The accompanying schedules, as listed in the table of contents, are presented for purposes of the additional analysis and are not a required part of the combined financials statements. Such information has been subjected to the auditing procedures applied in the audits of the combined financial statements and, in our opinion, is fairly stated in all material respects in relation to the combined financial statements taken as a whole.

*Wilson Ward CPA Firm*

Interlochen, MI  
June 22, 2004

## General Fund



CENTERVILLE TOWNSHIP  
Balance Sheet  
General Fund  
As Of March 31, 2004

Assets

Cash & Investments	\$257,815
Accounts Receivable Taxes	3,480
Accrued Interest Receivable	0
Prepaid Insurance	0
Due from Other Funds	0
Total Assets	<u>\$261,295</u>

Liabilities and Fund Balance

Liabilities	
Accounts Payable	\$0
Retirement Payable	0
Deferred Taxes Receivable	0
Fund Equity	
Fund Balance	261,295
Total Liabilities and Fund Equity	<u>\$261,295</u>

The footnotes are an integral part of these Financial Statements.

CENTERVILLE TOWNSHIP  
Statement of Revenues, Expenditures and Changes in Fund Balance  
General Fund  
For the Year Ended March 31, 2004

	Original Budget	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenue				
Current Property Taxes	\$42,000	\$42,000	\$39,113	(\$2,887)
Delinquent Taxes	0	0	3,480	3,480
Licenses and Permits	3,000	3,000	3,142	142
State Shared Revenues	70,000	70,000	73,361	3,361
Admin Fees	11,000	11,000	8,858	(2,142)
Earned Interest	8,000	8,000	7,919	(81)
Rents and Royalties	600	600	665	65
Service Revenue	0	0	320	320
Refunds	0	0	958	958
Other Income	0	0	0	0
Total Revenues	134,600	134,600	137,817	3,217
Total Funds Available	\$134,600	\$134,600	\$137,817	\$3,217
Expenditure				
Legislative				
Township Board:				
Salaries and Wages	\$2,700	\$2,700	\$2,445	\$255
Pension and Fringes	2,200	2,200	2,019	181
Office Supplies	1,400	1,400	159	1,241
Professional Services	4,000	4,000	897	3,103
Insurance and Bonds	6,000	6,000	4,562	1,438
Education and Dues	1,200	1,200	1,012	188
Misc	500	500	1,369	(869)
Total Township Board	18,000	18,000	12,463	5,537
General Government:				
Township Supervisor:				
Salaries and Wages	7,000	7,000	7,000	0
Office Supplies	400	400	235	165
Professional Services	0	0	0	0
Mileage and Travel	300	300	250	50
Misc	200	200	384	(184)
Total Township Supervisor	7,900	7,900	7,869	31
Elections:				
Salaries and Wages	0	0	467	(467)
Contractual Fees	0	0	394	(394)
Total Elections	\$0	\$0	\$861	(\$861)

The footnotes are an integral part of these Financial Statements.

CENTERVILLE TOWNSHIP  
Statement of Revenues, Expenditures and Changes in Fund Balance  
General Fund  
For the Year Ended March 31, 2004

	Original Budget	Revised Budget	Actual	Variance Favorable (Unfavorable)
Assessor:				
Professional Services	\$12,600	\$12,600	\$10,000	\$2,600
Office Supplies	3,000	3,000	1,906	1,094
Professional Services	2,600	2,600	3,000	(400)
Mileage and Travel	500	500	250	250
Education and Training	500	500	282	218
Total Assessor	19,200	19,200	15,438	3,762
Clerk:				
Salaries and Wages	9,000	9,000	9,000	0
Part Time Wages	500	500	500	0
Office Supplies	1,000	1,000	180	820
Contractual Fees	500	500	0	500
Millage and Travel	200	200	0	200
Education and Training	500	500	0	500
Total Clerk	11,700	11,700	9,680	2,020
Board of Review:				
Salaries and Wages	1,400	1,400	865	535
Printing and Publishing	200	200	121	79
Education and Training	400	400	0	400
Total Board of Review	2,000	2,000	986	1,014
Treasurer:				
Salaries and Wages	8,850	8,850	8,850	0
Part Time Wages	300	300	100	200
Office Supplies	1,200	1,200	1,430	(230)
Contractual Fees	3,650	3,650	3,649	1
Computer Services	2,500	2,500	434	2,066
Millage and Travel	500	500	418	82
Total Treasurer	17,000	17,000	14,881	2,119
Township Hall and Grounds:				
Salaries and Wages	600	600	665	(65)
Public Utilities	850	850	305	545
Maintenance and Repairs	2,600	2,600	1,023	1,577
Telephone	0	0	0	0
Total Township Hall	4,050	4,050	1,993	2,057
Total General Government	61,850	61,850	51,709	10,141
Public Safety:				
Fire Protection				
Administrative Fee	42,000	42,000	39,522	2,478
Total Fire Protection	\$42,000	\$42,000	\$39,522	\$2,478

The footnotes are an integral part of these Financial Statements.

CENTERVILLE TOWNSHIP  
Statement of Revenues, Expenditures and Changes in Fund Balance  
General Fund  
For the Year Ended March 31, 2004

	Original Budget	Revised Budget	Actual	Variance Favorable (Unfavorable)
Planning				
Salaries and Wages	\$4,000	\$4,000	\$2,190	\$1,810
Legal	5,000	5,000	2,375	2,625
Printing and Publishing	1,000	1,000	164	836
Total Planning and Zoning	10,000	10,000	4,729	5,271
Board of Appeals:				
Salaries and Wages	600	600	140	460
Legal	500	500	70	430
Printing and Publishing	300	300	35	265
Total Board of Appeals	1,400	1,400	245	1,155
Zoning Administrator				
Part Time Wages	5,000	5,000	4,459	541
Office Supplies	200	200	0	200
Mileage and Travel	200	200	0	200
Misc	0	0	22	(22)
Education and Training	200	200	0	200
Total Zoning Administrator	5,600	5,600	4,481	1,119
Public Works:				
Street Lighting	800	800	746	54
Road Construction	30,000	30,000	0	30,000
Capital Outlay	0	0	0	0
Total Public Works	30,800	30,800	746	30,054
Parks and Recreation				
Repairs and Maint	1,000	1,000	1,554	(554)
Contractual Fees	2,000	2,000	0	2,000
Total Parks and Recreation	3,000	3,000	1,554	1,446
Total Expenditures	172,650	172,650	115,449	57,201
Excess Revenues	(38,050)	(38,050)	22,368	(53,984)
Fund Balance - Beginning of Year			238,927	
Prior Period Adjustment			0	
Fund Balance - End of Year			<u>\$261,295</u>	

The footnotes are an integral part of these Financial Statements.

## Special Revenue Fund

CENTERVILLE TOWNSHIP  
Balance Sheet  
Liquor Law Enforcement Fund  
As Of March 31, 2004

Assets

Cash	<u>\$0</u>
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Liabilities & Fund Equity

Fund Balance	<u>\$0</u>
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The footnotes are an integral part of these Financial Statements.

CENTERVILLE TOWNSHIP  
Statement of Revenues, Expenditures & Changes in Fund Balance  
Budget vs. Actual  
Liquor Law Enforcement Fund  
For The Year Ended March 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
<u>Revenues</u>			
License Fees	\$0	\$0	\$0
<u>Expenditures</u>			
Public Safety	0	0	0
Excess Revenue (Expenditures)	0	0	
Fund Balance - Beginning of Year		0	
Fund Balance - End of Year		<u>\$0</u>	

The footnotes are an integral part of these Financial Statements.

## Fiduciary Fund



CENTERVILLE TOWNSHIP  
Statement of Changes in Assets and Liabilities  
All Agency Funds  
For the Year Ended March 31, 2004

<u>Assets</u>	Beginning Balance April 1, 2003	Additions	Deductions	Ending Balance March 31, 2004
Cash	\$701	\$1,249,123	\$1,249,004	\$820
Total Assets	701	1,249,123	1,249,004	820
<u>Liabilities</u>				
Due to Other Agencies	0		0	0
Due to Other Funds	701	1,249,123	1,249,004	820
Total Liabilities	\$701	\$1,249,123	\$1,249,004	\$820

The footnotes are an integral part of these Financial Statements.